

Tape 41

Side A, 1/16 - 1/2

9 JAN 1979
To OLC

D R A F T (Give to Fred Hitz.)

The legislative session is fast coming upon us. It appears to me we will have even more ^{requirements} ~~opportunities~~ between us to testify before the Congress this year on the FY 80 budget than ever before. I am anxious that we work together as cooperatively as we did last year in ~~ensuring~~ ^{sharing} information as to what difficult questions we have been asked and what other ways we can improve our testimony as one of us succeeds another before the same committees.

The secretary of the National Foreign Intelligence Board regularly receives from each of you your schedule of appearances before Congressional committees on our budget. In order to ensure that we properly dovetail our efforts, I'm asking the Legislative Counsel for the Community, Fred Hitz, to assume the secretary of the NFIB's responsibilities for recommunicating to all of you the total picture of what will be going on with respect to budget and other testimony on the Hill. Fred will put out a periodic calendar of appearances, and in that process will attempt to ensure not only that we are each kept informed of the other's activities but that where important witnesses have not been called upon by the committees themselves that we volunteer to fill such gaps. I therefore would like to urge upon you the importance of keeping me informed through the secretary of the NFIB of your scheduled appearances on the Hill and of your direct communication with Fred if you have questions as to the propriety of your

★(EXCLUSIVE)★

NEW YORK TIMES

±#(BENZDAY)±

for CLYDE H. FARNSWORTH

ENC. 1978 N.Y. TIMES NEWS SERVICE

WASHINGTON - To placate American textile producers, the Carter administration has opened talks with China to get it to limit its growing exports of cotton goods to this country.

FROM ALMOST NO PENETRATION OF THE UNITED STATES MARKET HALF A DOZEN YEARS AGO; CHINA HAS BECOME THIS COUNTRY'S SIXTH-LARGEST SUPPLIER OF FABRICS AFTER JAPAN, HONG KONG, KOREA, TAIWAN AND INDIA.

WITH SHIPMENTS NOW AT A RATE OF 170 MILLION YARDS A YEAR, CHINA IS ALREADY THE LARGEST SINGLE SOURCE OF COTTON TEXTILES IMPORTED BY THE UNITED STATES AND IS BEGINNING TO SHIP MAN-MADE TEXTILE FABRICS AS WELL. CHINA HAS THE PETROLEUM BASE FOR SYNTHETIC FIBERS AND IS RAPIDLY DEVELOPING CHEMICAL PLANTS TO PRODUCE THEM.

THE EXPLOSIVE GROWTH OF TEXTILE IMPORTS FROM CHINA HAS COME ABOUT EVEN THOUGH CHINA HAS HAD TO ABSORB FROM 50 PERCENT TO 600 PERCENT HIGHER TARIFFS THAN MOST OTHER SUPPLIERS TO ENTER THE UNITED STATES MARKET. CHINA IS STILL OUTSIDE THE NETWORK OF COUNTRIES THAT GET MOST-FAVORED-NATION TARIFF TREATMENT. THE MEMBERS OF THIS NETWORK (INCLUDING THE UNITED STATES) GRANT TARIFFS TO EACH OTHER AS LOW AS THEY GRANT TO ANY NATION.

AMERICANS FROM THE OFFICE OF THE SPECIAL TRADE REPRESENTATIVE HAVE BEEN HOLDING TEXTILE TALKS WITH CHINESE LIAISON OFFICIALS. SINCE THE UNITED STATES AND CHINA DO NOT FORMALLY RECOGNIZE EACH OTHER DIPLOMATICALLY, RELATIONS BETWEEN THE TWO COUNTRIES ARE CONDUCTED THROUGH LIAISON OFFICES IN WASHINGTON AND IN PEKING.

ONE AMERICAN OFFICIAL SAID: "THE UNITED STATES HAS EXPRESSED THE NEED FOR PLANNED GROWTH IN THESE IMPORTS, AND REPRESENTATIVES OF THE PEOPLE'S REPUBLIC OF CHINA HAVE EXPRESSED AN INTEREST IN EXPLORING HOW THESE LEVELS MIGHT BE DEFINED."

THE UNITED STATES HAS ALREADY SIGNED BILATERAL RESTRAINT AGREEMENTS WITH 18 OTHER TEXTILE-EXPORTING COUNTRIES.

THE DISCUSSIONS WITH CHINA ARE IMPORTANT AND SENSITIVE BECAUSE OF
CONFLICTING PRESSURES ON THE CARTER ADMINISTRATION.

THE DOMESTIC TEXTILE INDUSTRY, WHICH CONSIDERS THE COMPETITION FROM CHINA A MOUNTING THREAT, HAS HEAVY INFLUENCE IN CONGRESS. BUT THE

appearing, [if there is any question] or to support or backup that you need from other members of the community or suggestions that you have for ensuring that we each reinforce each other's testimony when appearing on the same subjects.

ST

Russian freighter fired on in C&D canal

By M. ROY ADAMS
and KATHY CANAVAN

A Russian freighter was shot at with a high-powered rifle as the ship passed through the Chesapeake & Delaware Canal near the Reedy Point Bridge Wednesday night.

Delaware State Police and agents of the FBI are investigating the shooting which occurred about 7:38 p.m. Police said no injuries were reported and the ship was not damaged. Authorities did not release information on the incident at first, saying that was because their investigation was not complete.

The ship was identified as the Andrian Goncharov owned by the Black Sea Shipping Lines of Odessa, Russia. It is a 450-foot container ship.

The vessel was enroute to Baltimore at the time of the shooting and docked at the Dundalk Marine Terminal. It departed yesterday for Genoa, Italy.

Police said the shots were fired from a car on the bank of the canal next to the bridge. The bullets dented the steel plating in the radio room.

State police said they were alerted of the incident Thursday morning by the Russian Embassy. The FBI entered the case because the canal falls under the joint jurisdiction of the state of Delaware and the federal government.

"The people that fired the shots could be prosecuted by both the state and the federal government," said a spokesman for the FBI. "At this point we're trying to figure out if this is an isolated incident or whether it was done by someone who deliberately wanted to shoot at a Russian ship. At this point we just don't know."

State Police spokesman Lt.

James R. Neal said the criminal investigation unit and a recruit class were combing the area where the shooting occurred, trying to turn up leads. He said so far no motive has been established.

CIA and FBI agents boarded the ship yesterday at Dundalk, Md. and found a bullet in the radio room, a shipping company official said.

"I was down at the ship. They had the CIA, the FBI, everybody down there," said an operations officer for Norton Lilly Co. Inc., the Baltimore agent for the Russian ship.

"Evidently it was premeditated but whether it was that particular ship they were after or what, they don't know yet. The man hasn't been caught," he said.

An officer of the Pilots Association for the River and Bay Delaware said Capt. William Hocker, an association pilot, was aboard the freighter which was on route from Philadelphia to Baltimore when the shooting started.

Hocker could not be reached for comment last night.

An operations officer at Norton Lilly said about 31 crew members were aboard the freighter when the incident happened.

"The radio operator was in the room," he said. "He wasn't hurt though."

Norton Lilly officials said this was the first time one of their ships had been shot at but they were reluctant to discuss the investigation.

"Our principals are not going to be happy with us," said a company official who would not give his name. "After all, we've got enough crazies around that they could come out and take pot shots on the C&D canal all the time."